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EXECUTIVE SECRETARY

June 14, 2000

VIA HAND DELIVERY

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Joint Petition of Crockett Telephone Company, Inc., Peoples' Telephone Company, West Tennessee Telephone Company, Inc., and the Consumer Advocate Division of the Office of the Attorney General for the Approval And Implementation of Earnings Review Settlement Docket No. 99-00995

Dear Mr. Waddell:

Enclosed please find the original and thirteen (13) copies of TEC Companies' Comments on Statements of Issues in the above-referenced case, filed pursuant to the Request of the Hearing Officer at the Pre-Hearing Conference held on June 9, 2000.

Thank you for your consideration in this matter. If you have any questions, please do not hesitate to call me.

Very truly yours,



R. Dale Grimes

Enclosures

cc: Richard Collier, Esq. (via hand delivery)
L. Vincent Williams, Esq. (via hand delivery)
Val Sanford, Esq. (via hand delivery)

IN RE:)
)
JOINT PETITION OF CROCKETT TELEPHONE)
COMPANY, INC., PEOPLES' TELEPHONE)
COMPANY, WEST TENNESSEE TELEPHONE)
COMPANY, INC., AND THE CONSUMER) Docket No. 99-00995
ADVOCATE DIVISION OF THE OFFICE OF THE)
ATTORNEY GENERAL FOR THE APPROVAL)
AND IMPLEMENTATION OF EARNINGS REVIEW)
SETTLEMENT)

Pursuant to the Request of the Hearing Officer at the Pre-Hearing Conference held on June 9, 2000, the following comments on the Statements of Issues filed by the Consumer Advocate Division of the Office of Attorney General and AT&T Communications of the South Central States, Inc. are filed on behalf of Joint Petitioners, Crockett Telephone Company, Inc., People's Telephone Company, and West Tennessee Telephone Company, Inc. (the "TEC Companies" or "TEC").

At the outset, TEC states that the issues raised by AT&T have no place in this proceeding. This matter is before the Authority on the Joint Petition of the Consumer Advocate Division and the TEC Companies to approve and implement an earnings review settlement. This settlement, which was thoroughly negotiated between the Consumer Advocate Division and the TEC Companies, includes adjustments through rate design, credits, and expenses to offset anticipated overearnings in a manner that greatly benefits the local customers of the TEC Companies. Moreover, it is entirely consistent with the methodology for making such adjustments used in the last earnings review settlement in 1998, the terms of which were approved and implemented by this Authority.

Contrary to the straight-forward purpose of this proceeding, AT&T has intervened for the purpose of interjecting numerous issues which, while interesting from a regulatory policy standpoint, are not appropriate to be addressed in isolation in an earnings review of small, rural, independent LECs, such as the TEC Companies. The issues proposed by AT&T make clear that its purpose is to call into question years of regulatory policy in this State, pursuant to which local exchange rates are determined residually and access charges are not related to costs. Such issues simply are not appropriate for this case.

Indeed, AT&T itself initiated a separate proceeding specifically for the purpose of raising such questions -- In re Petition of AT&T Communications for the Convening of a Generic Contested Case for the Purpose of Access Charge Reform, Docket No. 97-00889. The issues listed in AT&T's Statements of Issues belong in that particular docket, not this one.

AT&T's issues should also be transferred to the generic docket because inclusion in this docket will only delay the process of approving the settlement and implementing the benefits to TEC local exchange customers. The settlement applies to TEC's earnings in 1999 through 2001, and includes credits to local exchange customers beginning in January 2000. Customer credits have already been delayed by six months; litigating AT&T's generic issues in this proceeding will only postpone those credits even longer.

Accordingly, the issues raised by AT&T should not be considered in this proceeding, but should be transferred to the generic docket.

From the foregoing, it is evident that the following issues proposed by AT&T are relevant only to the generic docket: Issues 1, 8, 9, 12, and 15. They raise questions of regulatory policy in dealing with access charges that apply globally to all LECs.

The following issues, while couched in terms that appear to relate to a discovery request concerning the rate design employed in the Settlement Agreement, are in reality generic issues also broadly raising matters of regulatory policy: Issues 2, 3, 4, 7, and 10.

Issue 5 asks: “What have been, and what are forecast to be, the revenues received by each of the TEC Companies for ‘business access lines’ and ‘residence access lines’?” This issue is unnecessary and is subsumed in TEC’s Issue 2: “Whether TEC and the Consumer Advocate Division fairly and reasonably calculated the amount of projected overearnings of the TEC Companies for the years 1999 - 2001.”

Issue 6, concerning TEC’s costs for providing certain local exchange services is irrelevant and, moreover, cannot be answered because the TEC Companies are “average schedule companies” that do not break out or otherwise calculate the costs of these individual services.

Issue 11, inquiring as to agreements, procedures, and compensation by South Central Bell and BellSouth for intraLATA traffic, clearly relates to matters that are irrelevant to the approval of the settlement at issue in this case.

Consumer Advocate Division’s Statement of Issues

The TEC Companies concur in the Consumer Advocate Division’s Issue 1. The remaining issues relate to whether the matters raised by AT&T are properly encompassed in this docket. As to that, the TEC Companies concur that AT&T’s issues should be considered in the generic access reform docket, not this docket.

Respectfully submitted,



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Inc., Peoples' Telephone Company, and
West Tennessee Telephone Company, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing TEC Companies Comments on Statements of Issues has been served upon the following via Hand-Delivery this 14 day of June, 2000:

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